



HR&A MKSK

# Fayetteville P3 Real Estate Advisory

## **Market Scan**

August 2025

**DRAFT**



## Executive Summary | Goals

The City of Fayetteville engaged HR&A Advisors and MKSK help shape the vision for the future of the Blount & Gillespie site.

The purpose of this study is to assess the market potential for redevelopment at Fayetteville's Blount & Gillespie site, a City-owned site near Downtown.

In the first step of this study, HR&A has identified market opportunities to reposition the site to complement and connect to Downtown's ongoing growth. HR&A will collaborate with MKSK to outline a physical vision for the site informed by the market findings and community visioning.

These findings will lay the groundwork for the next step of this study of determining the feasibility of a public-private partnership on the site.

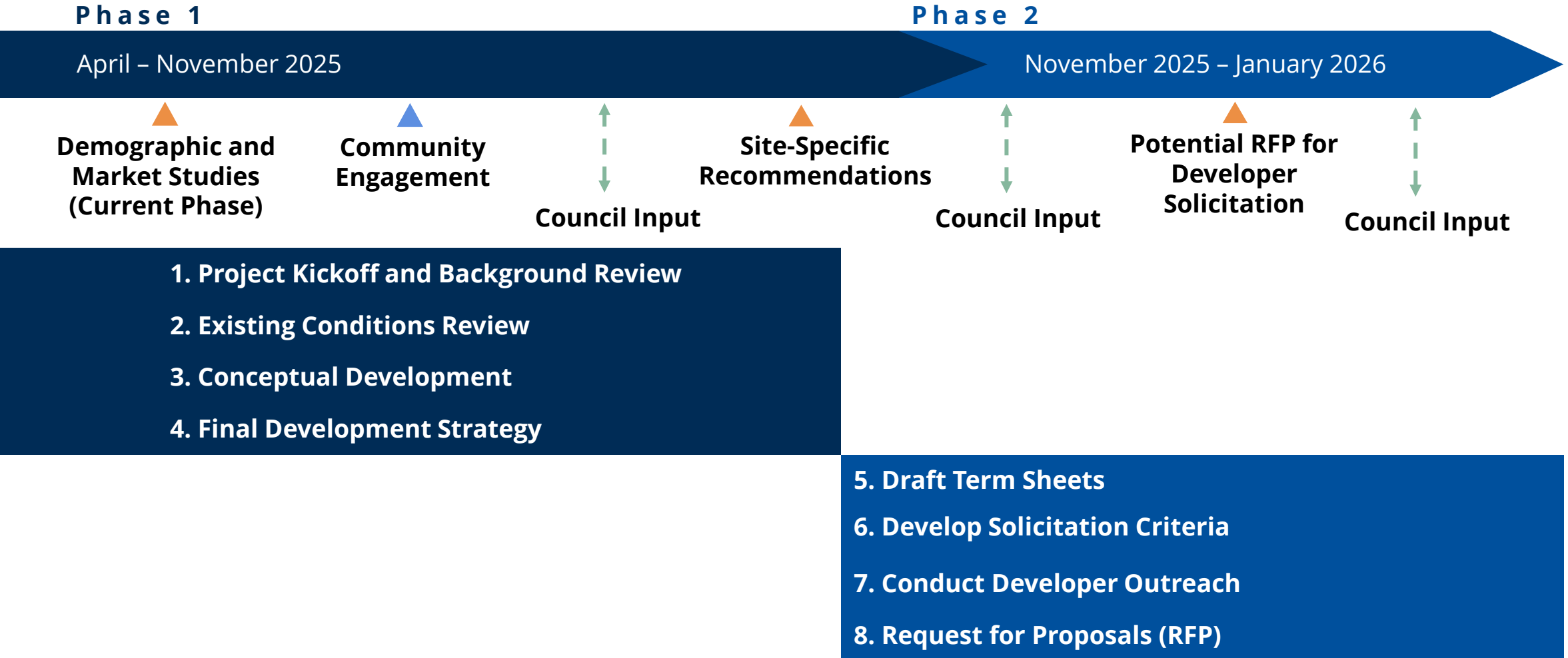
Ultimately, this process will result in a development vision that will serve as the foundation for a developer solicitation process, culminating in the release of an RFP.



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## Executive Summary | Timeline

This document will inform the overall development strategy, which in turn will help the City determine when it should begin identifying a development partner.



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## Executive Summary | Summary By Use

HR&A conducted a market scan across four primary real estate typologies to begin assessing the development potential of the Blount and Gillespie site.

### Residential

Downtown Fayetteville has experienced slow population growth (+11% since 2010), in part due to the lack of new homes being built Downtown. Despite this, the combination of healthy vacancy rates Downtown (4.3%) and consistent absorption city-wide (240 units annually since 2015) demonstrates the potential for the Blount and Gillespie site to **spark a new move towards Downtown.**

### Office

Slow overall job growth (7% city-wide since 2015) limits the near-term potential for new, speculative office space. However, a **targeted tenanting strategy** could support office space for **professional services workers**, as professional services industries have grown by 42% since 2015.

### Hotel

Downtown has demonstrated an ability to **drive new visitation by leveraging catalytic investments**, such as the minor league baseball stadium. Because of this Fayetteville needs to continue **identifying strategic opportunities** to enhance Downtown hotel demand.

### Retail

Downtown Fayetteville is home to a host of restaurants and clothing stores, comprising over a third of Downtown retail spending, but **lacks more unique and experiential retail offerings**. The Blount and Gillespie site has the potential to provide residents with **new types of retail offerings**, such as jazz bars, art galleries, and complementary attractions.



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# Introduction

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## Introduction | Site Overview

The City of Fayetteville owns the 9-acre Blount and Gillespie site, a 10-minute walk from Market Square.

The Blount and Gillespie site is an assemblage of 41 individual parcels on a total of 9.33 acres, located just south of the immediate Downtown Fayetteville area. Anchoring the site at its northern edge is the Queen Anne-style Dr. Ezekiel Ezra (E.E.) Smith House, the longtime home of Fayetteville's celebrated African American educator and Fayetteville State University president.

The site is surrounded by homes built by Habitat for Humanity alongside other low-density housing, vacant retail spaces, and churches, as well as industrial uses near the adjacent railroad tracks. The Cumberland County Jail is located between Downtown and the site.

Over the past decade, the City explored several redevelopment concepts to leverage this strategically located site—most prominently the Centre City Business Park vision—but shifting market conditions and the COVID-19 pandemic stalled any ground-breaking.



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## Introduction | Site Context

The City's early redevelopment efforts faced setbacks, calling for a new approach to create a feasible vision for the site.

- 1902** In 1902, the **E.E. Smith House** was built on what was then a **small FSU campus** on Gillespie Street.
- 2008** The City acquired a total of **41 individual parcels** over several years, leveraging **\$6M of HOPE VI funding**.
- 2016** The **Red Rock Global Study** and Fayetteville's **Opportunity Zone Prospectus** further highlighted the site as one with catalytic development potential.
- 2018** The City explored plans for the site including the **Centre City Business Park** concept, which focused on **enhancing the character of Gillespie Street** through placemaking activities and community partnerships.
- 2020** The Centre City Business concept was **not realized** due to an inability to attract private developers and shifting market conditions amidst the COVID-19 pandemic.
- 2025** The City partnered with **HR&A Advisors** and **MKSK** to revisit the site and **create a viable development concept**.

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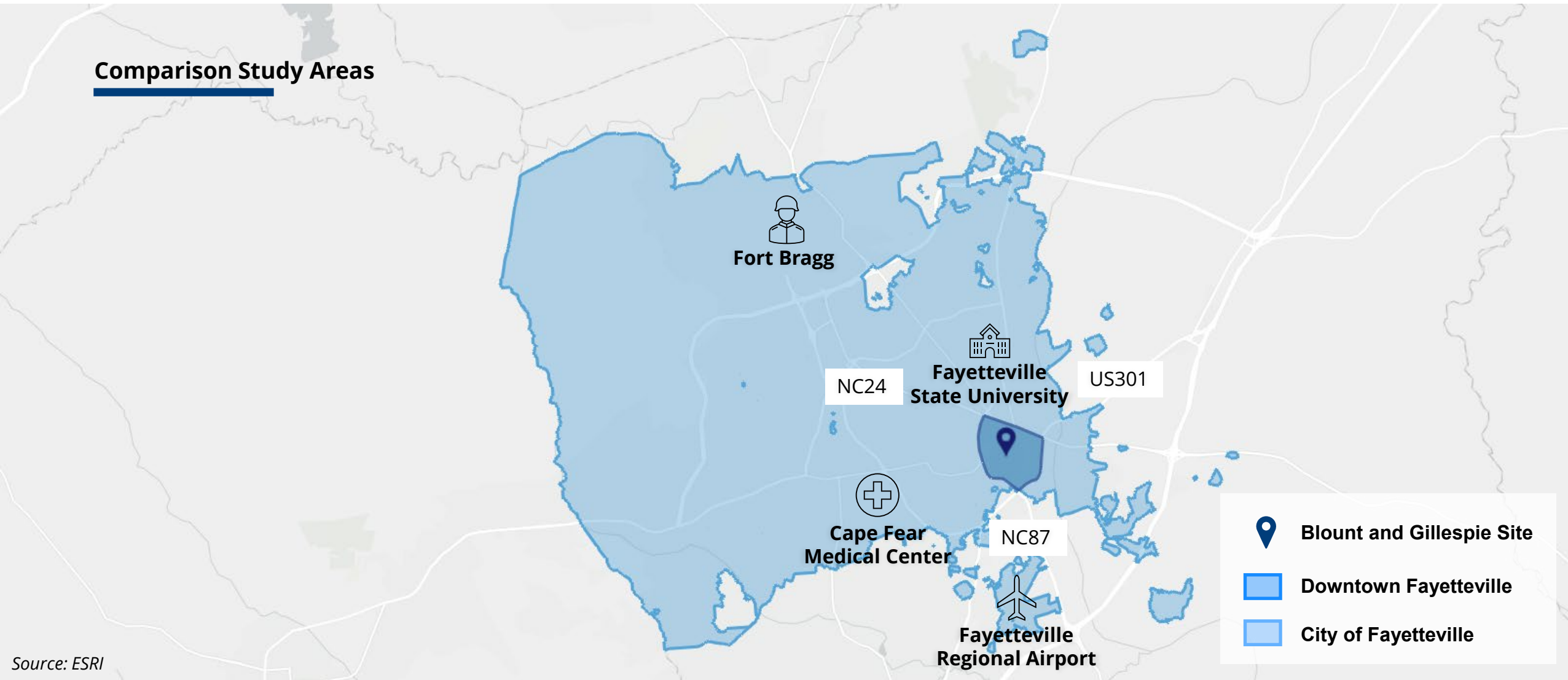
Image Credit: HR&A Advisors




## Introduction | Study Area

To understand the development potential of the site, HR&A conducted a market analysis at three different scales.

### Comparison Study Areas



A photograph of a two-story white house with a black fence in the foreground. The house has a gabled roof and several windows. The image is overlaid with a dark blue semi-transparent rectangle containing the text '02' and 'Residential'.

| 02

# Residential

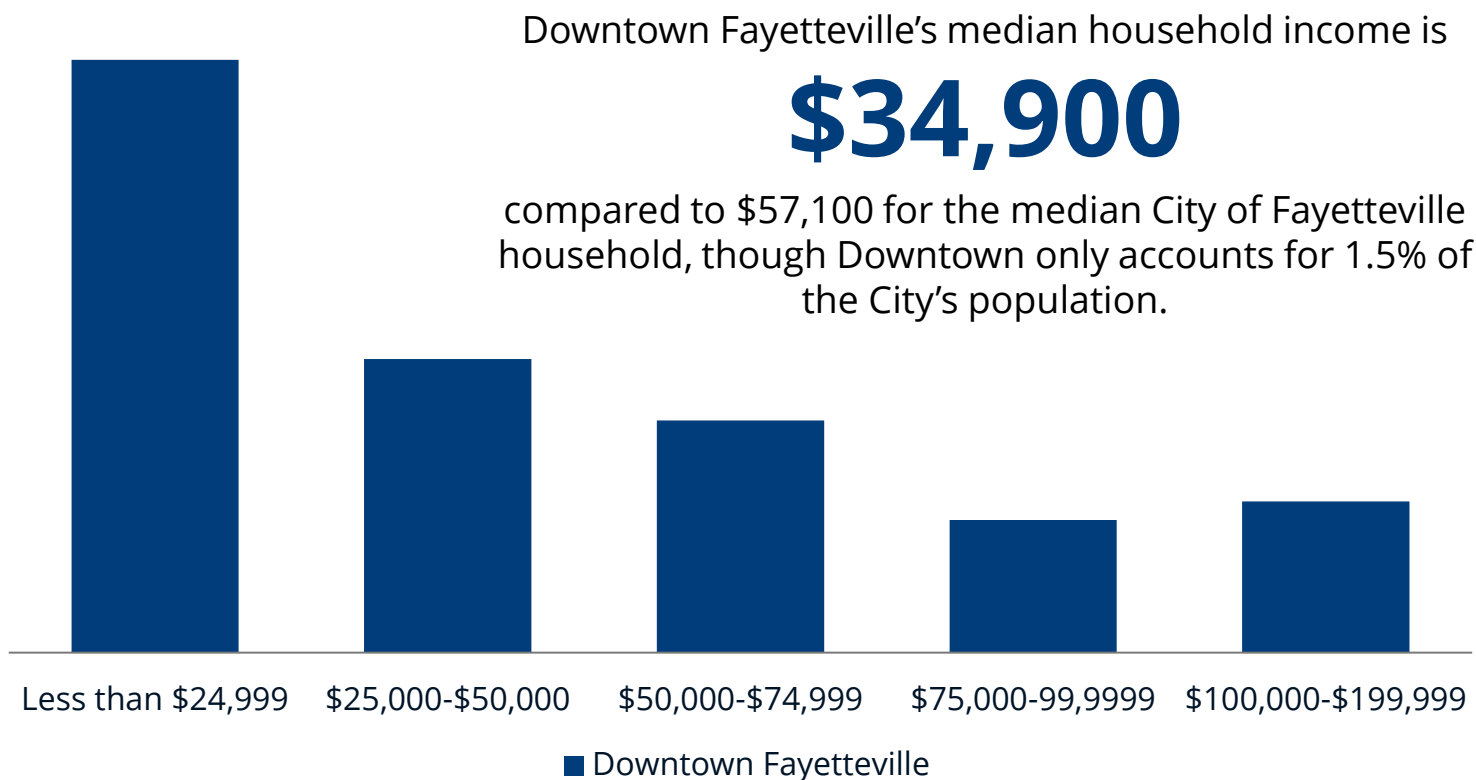
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## Residential | Income

Downtown Fayetteville lags the City in income but has grown twice as fast as the City overall, demonstrating emerging interest in living Downtown.

### Household Income Distribution in Downtown Fayetteville (2024)



#### Population and Population Growth (2010-2024)

**3.3k (+11%)**

Downtown Fayetteville

**211.4k (+5%)**

City of Fayetteville

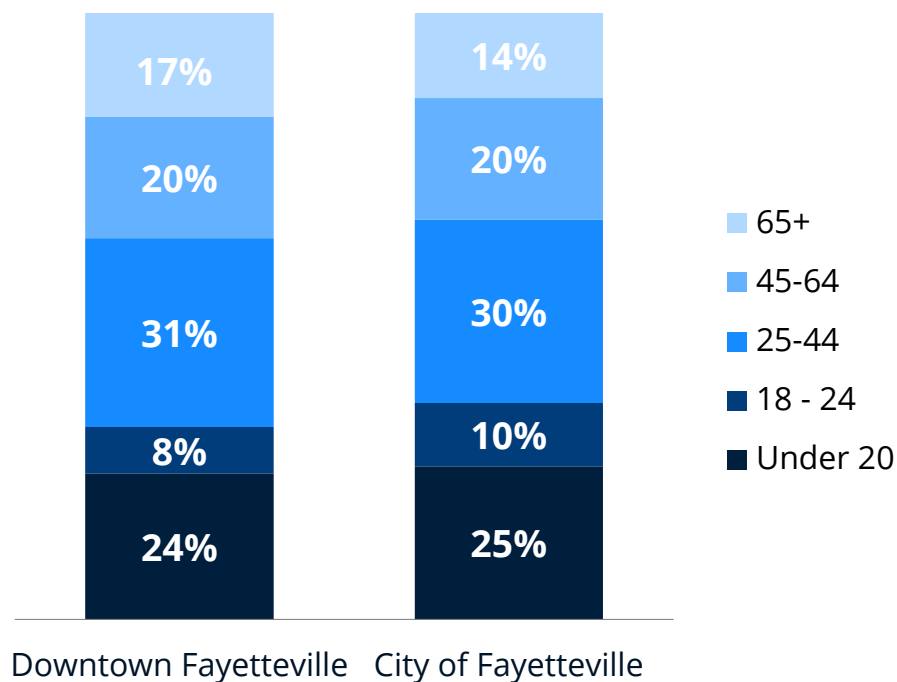
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## Residential | Age and Education

Downtown residents skew older and have lower formal educational attainment levels compared to the city, highlighting the need for accessible and diversified housing options.

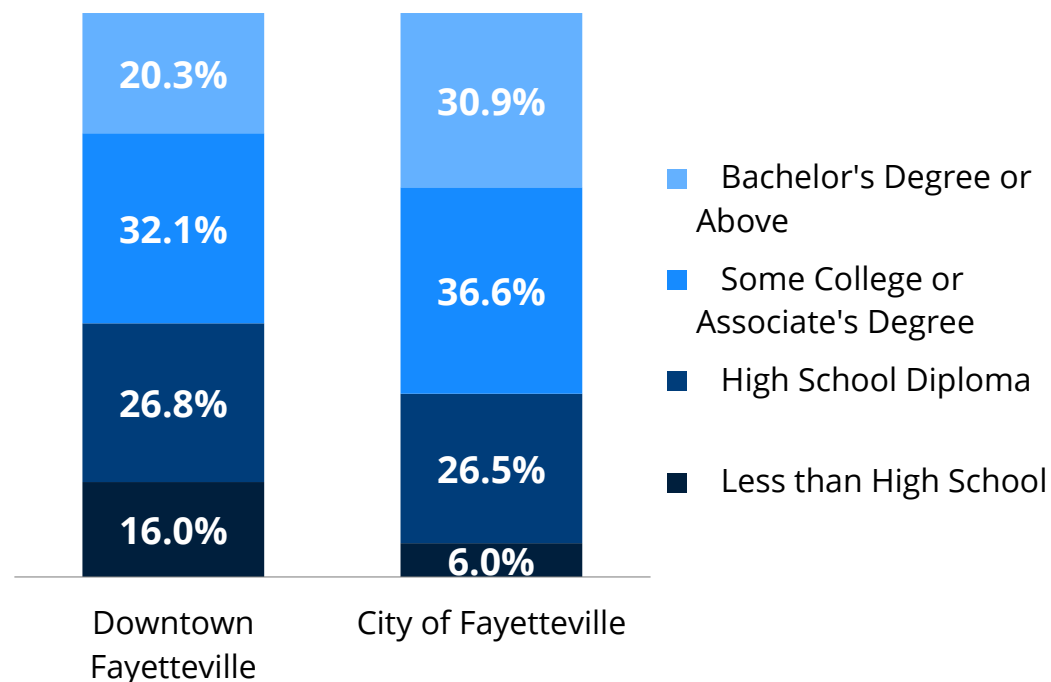
### Population Age (2024)

Downtown households tend to be slightly older on average than City households.



### Educational Attainment (2024)

Nearly half of Downtown adults (42.8%) do not have any form of higher education, underperforming the broader City.



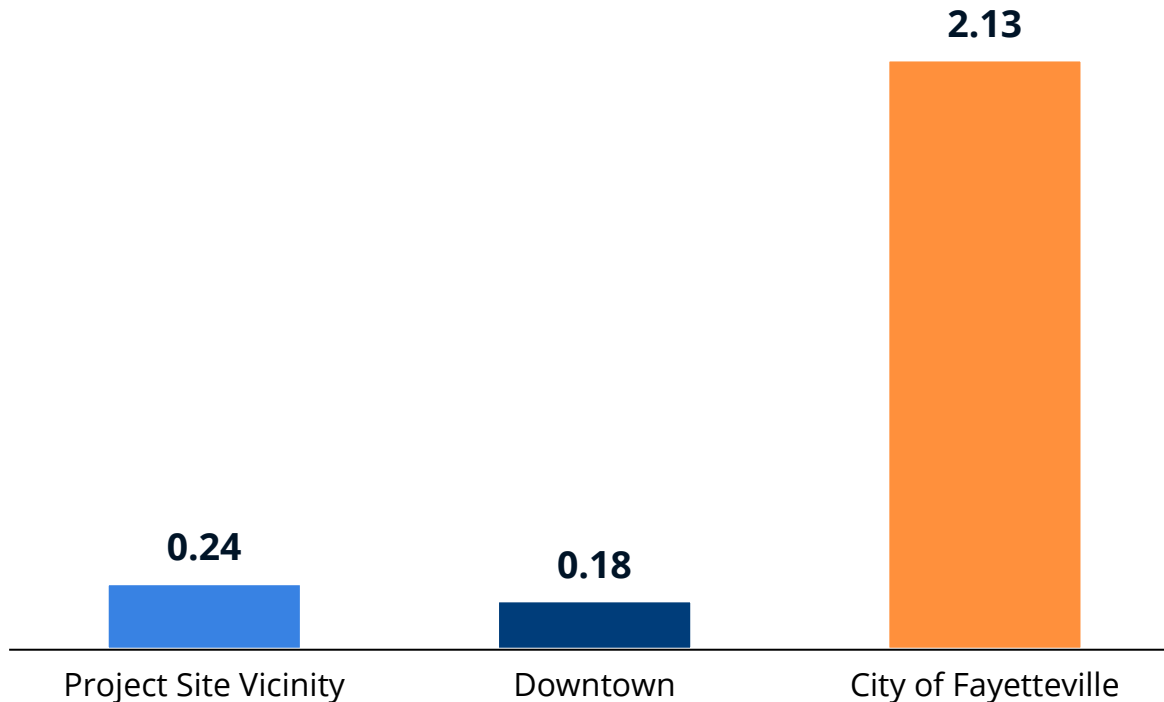
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## Residential | Employment Concentration

Downtown Fayetteville is an employment hub whereas the City has a lower job concentration relative to its population even with the presence of Fort Bragg.

### Resident-to-Jobs Ratio (2025 YTD)



The **resident-to-jobs ratio** compares how many people live in an area to how many jobs are located there. A low ratio means the area has more jobs than residents, often drawing workers from outside. A high ratio means there are more residents than jobs, so many people likely commute elsewhere for work.

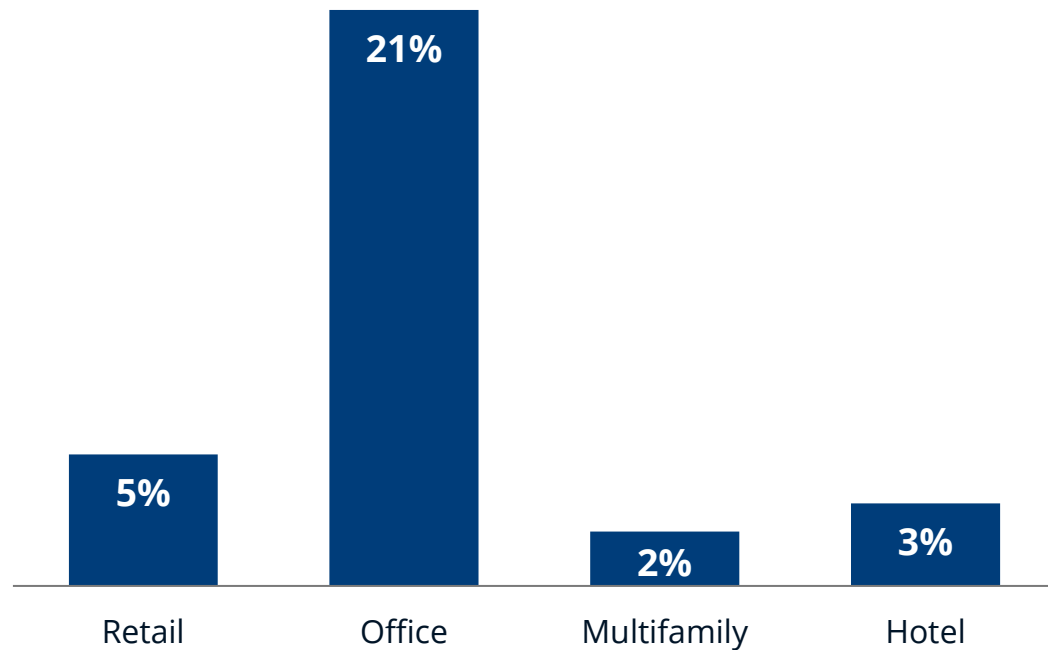
Downtown Fayetteville, and the Project Site Vicinity in particular, has a significant **concentration of commercial activity** and likely relies on commuters from the broader City to fill its jobs.

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## Residential | Housing Typology

Downtown comprises a small share of the City's overall multifamily inventory, providing an opportunity to add new housing and create an enhanced urban experience.

### Downtown Share of City Inventory (2025 YTD)



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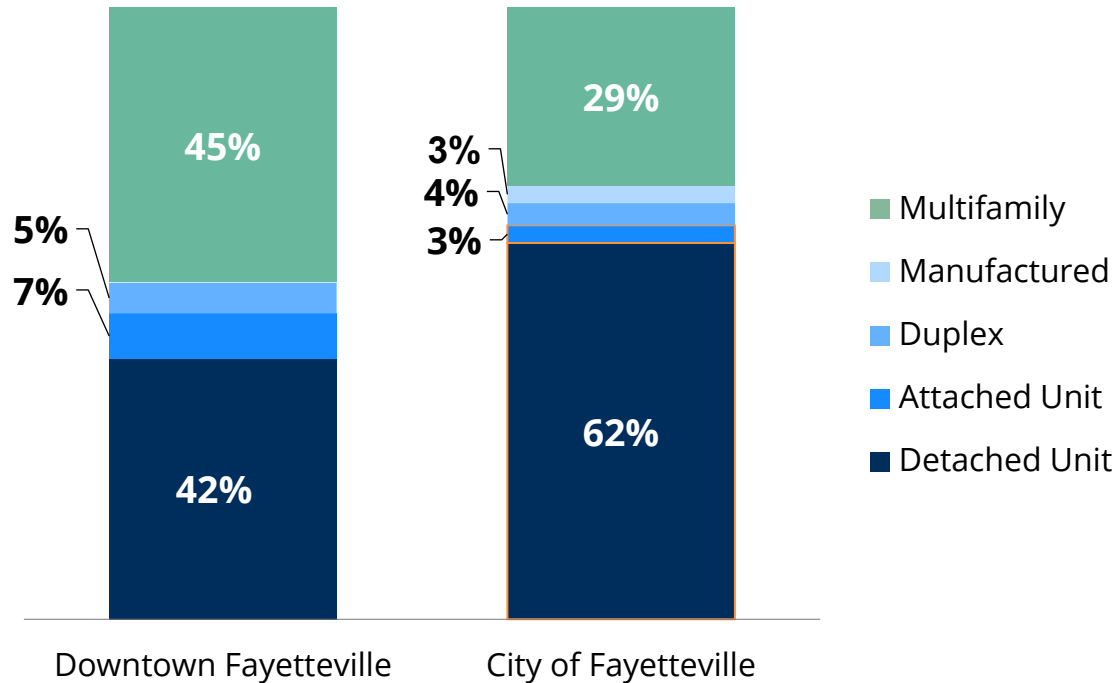
Image Credit: Longleaf Pine Realtors



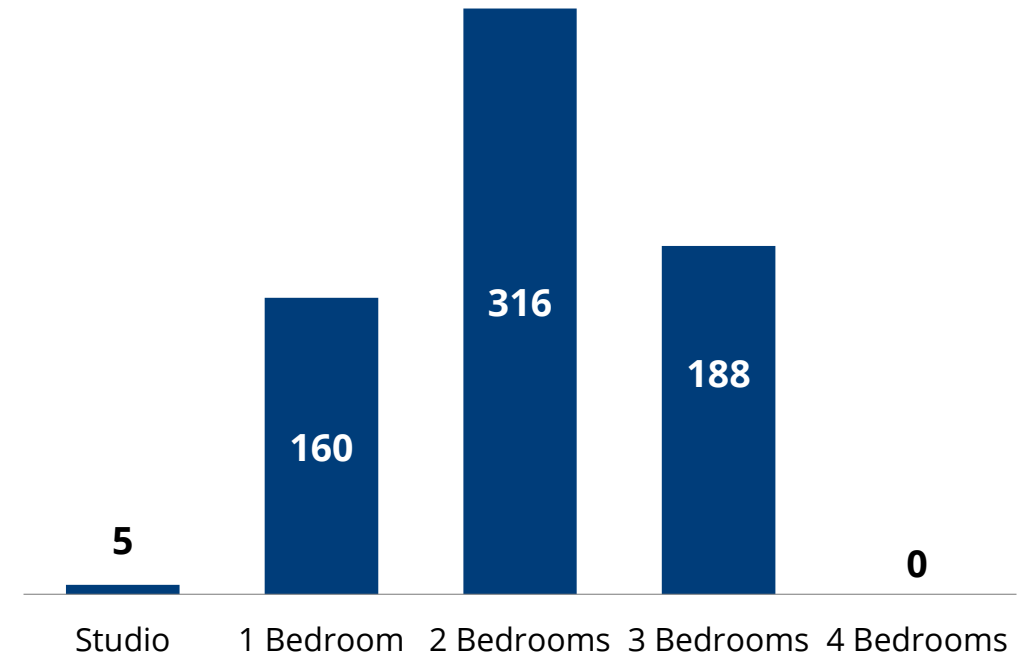
## Residential | Unit Inventory

Downtown's current housing stock leans towards multifamily use, in line with typical downtown dynamics.

### Housing Typology (2025)



### Multifamily Units by Number of Bedrooms (2025)

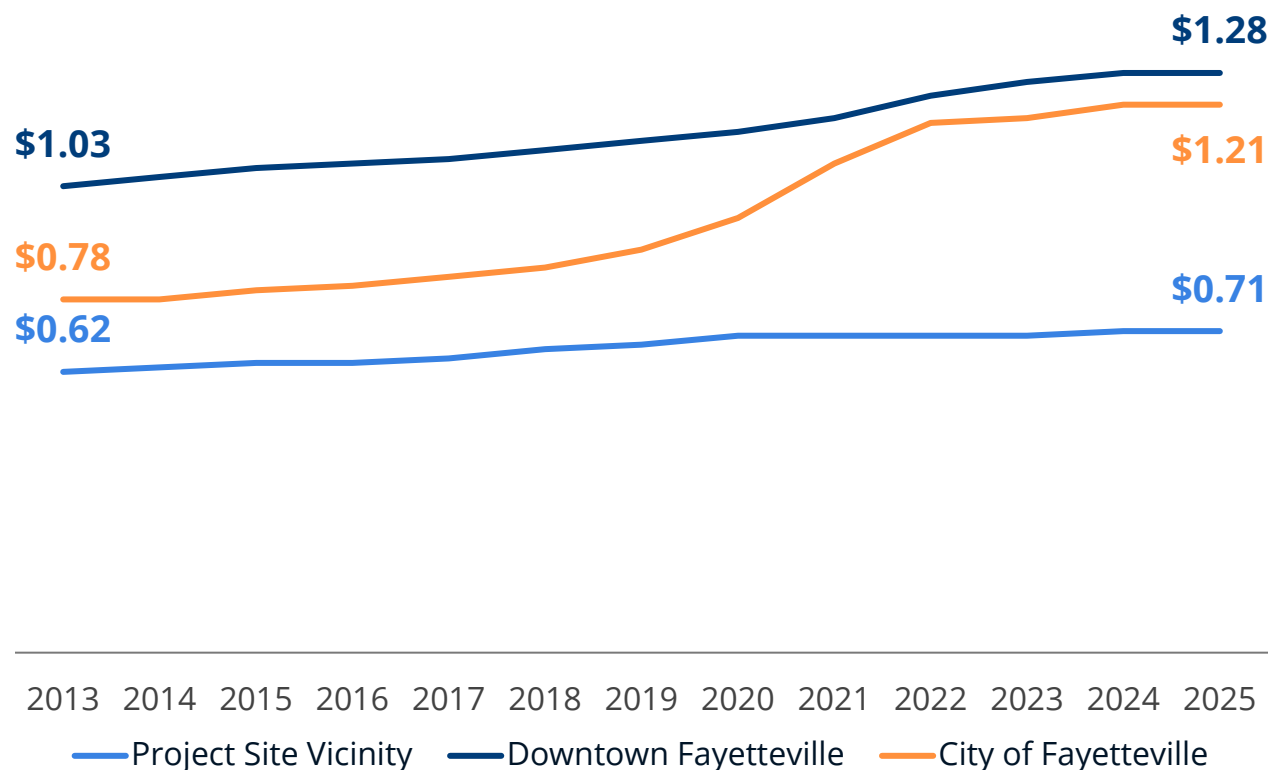


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## Residential | Rent And Rent Growth

Residents are willing to spend more to live Downtown, as demonstrated through higher rents and low vacancy, suggesting that Downtown is a desirable place to live.

### Average Rents (\$/SF/Mo.) (2013-2025)



**Change in Rent  
2013-2025 YTD**

**14.5%**

*Project Site Vicinity*

**24.3%**

*Downtown Fayetteville*

**55.1%**

*City of Fayetteville*

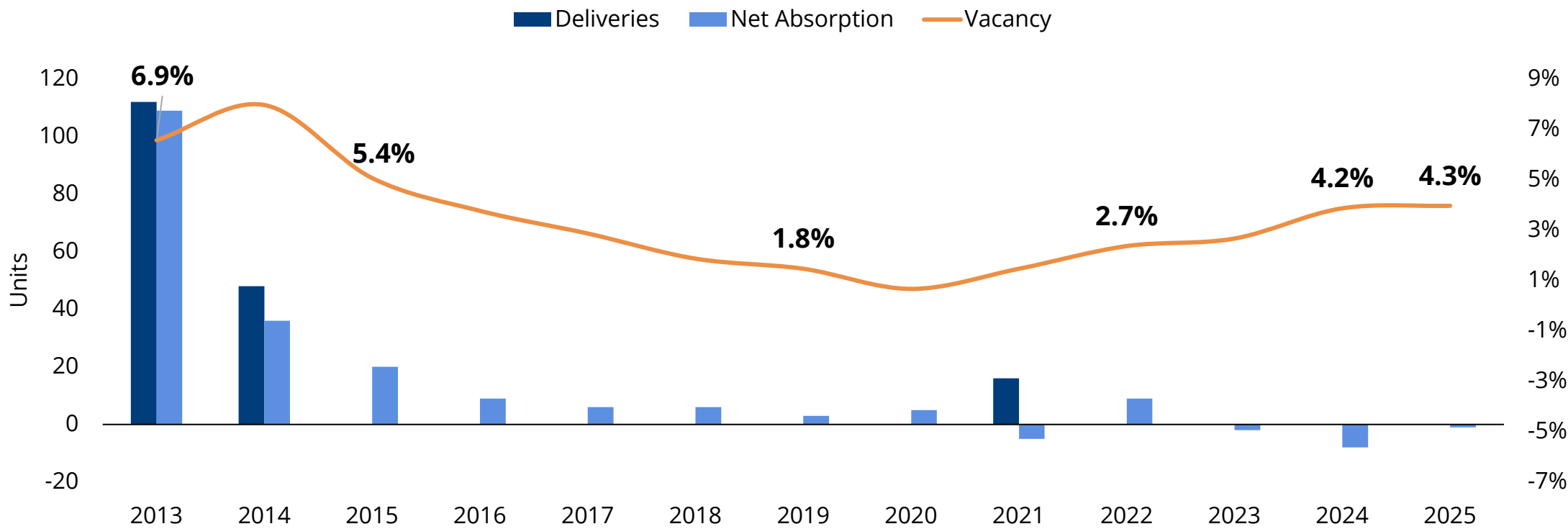
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# Residential | Multifamily Performance

Despite its higher rents, Downtown has continued to see very low vacancy rates, indicating that its existing housing stock is in demand by current residents.

## Multifamily Performance in Downtown Fayetteville (2013-2025)



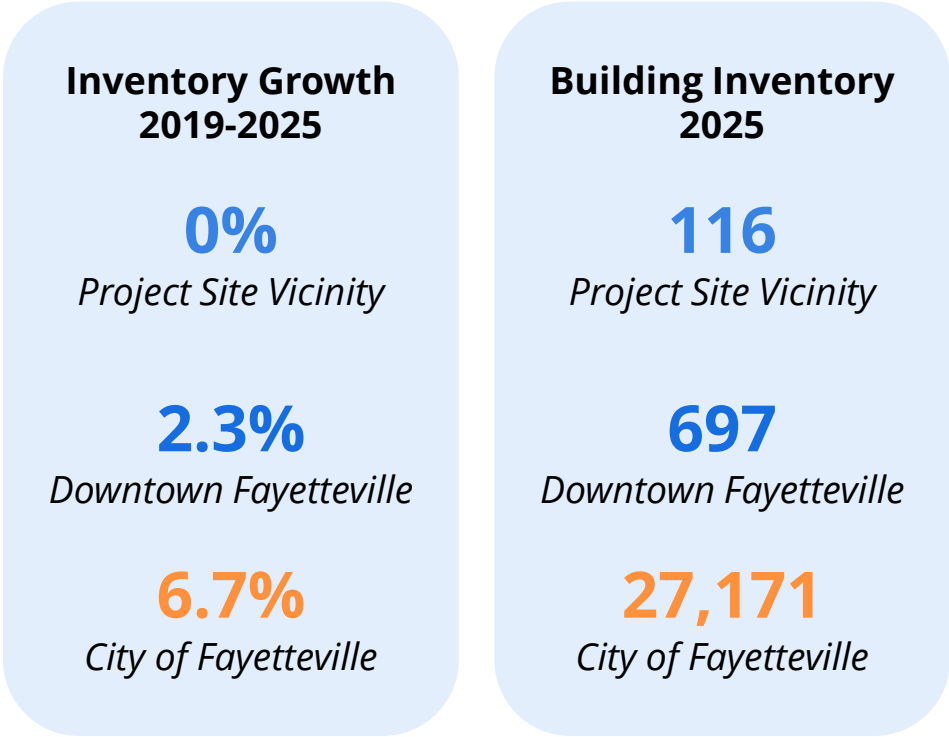
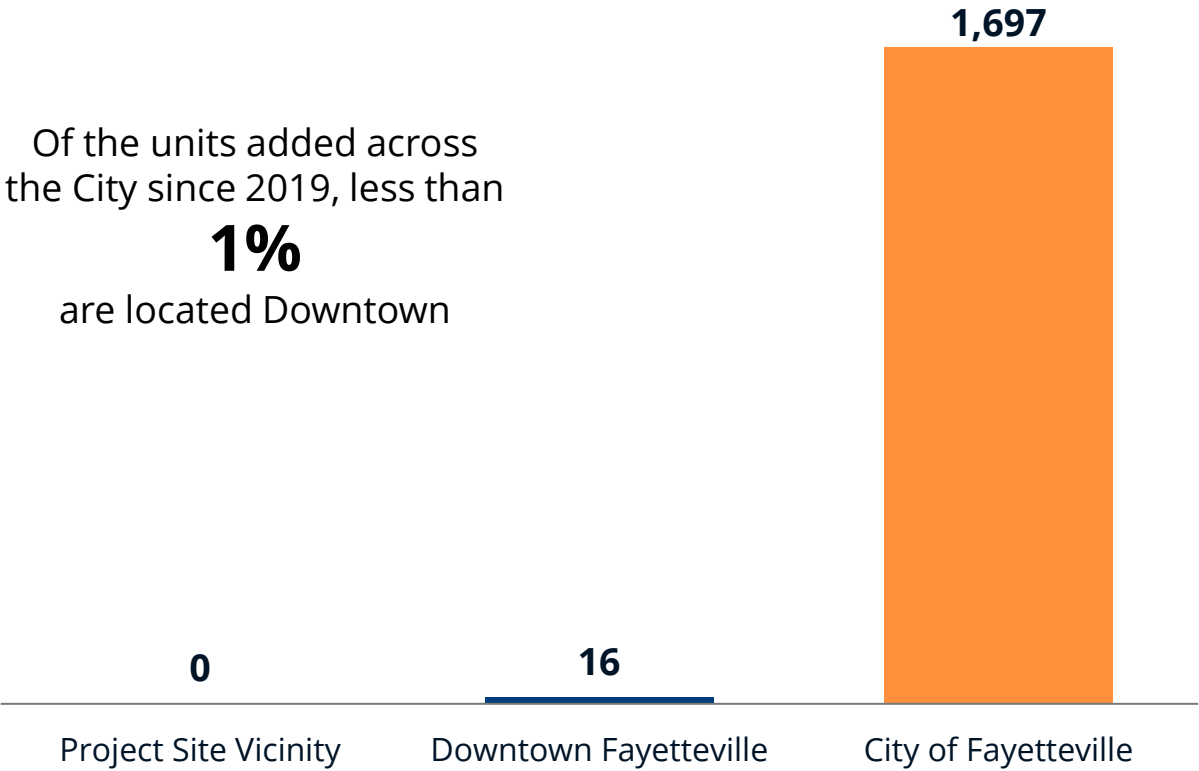
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# Residential | Multifamily Growth Since 2019

The City of Fayetteville has experienced high inventory growth in recent years, while the Downtown and the Project Site Vicinity have not yet benefitted from this growth.

## Multifamily Units Added Since 2019

Of the units added across the City since 2019, less than **1%** are located Downtown



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## Residential | Recent Apartment Deliveries In Downtown

Downtown Fayetteville's multifamily inventory saw only one new construction and one renovation over the past decade.



Image Credit: Apartments.com

### Adam Street Apartments (built 2022)

The Adams Street Apartments is a high-end luxury complex that is located on the edge of Downtown. It has a total of 16 3-bed/2-bath units.



Image Credit: Zillow

### The Residences at Prince Charles (renovated 2019)

The Prince Charles is a historic building that was renovated for apartment living in 2019. It offers 1–2-bedroom units and is located directly adjacent to the Segra Stadium.

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## Residential | Recent Condominium Deliveries In Downtown

Downtown similarly has a very limited number of condominiums and townhouses, with only one delivery over the past decade.



*Image Credit: Realtor.com*

### **300 Hay Street Condominiums (built 2007)**

300 Hay Street is a world-class mixed-use development that includes 5 penthouses, 18 condos, and 20 townhomes, in addition to nearly 6,000 square feet of first-floor retail space.



*Image Credit: Zillow*

### **Pennmark Place Townhomes (built 2007)**

The Pennmark is a collection of townhomes located in the heart of Downtown, directly across from the Fayetteville History Museum.



*Image Credit: Cool Spring Downtown District*

### **Park View Distinctive Downtown Living (built 2016)**

Park View is located across the street from the Prince Charles Apartments and offers upscale three floor plans ranging from 2 bed/2.5 bath to 3 bed/3.5 bath units.

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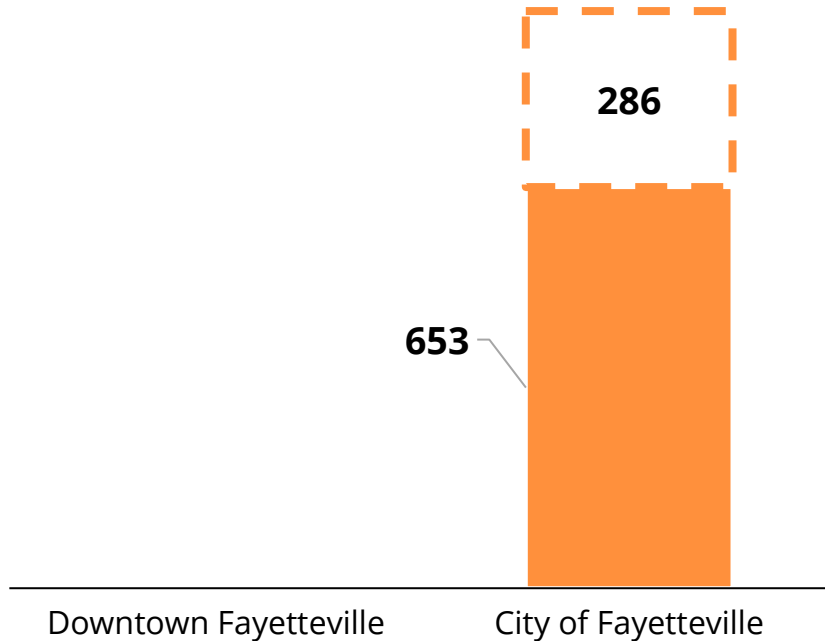


## Residential | Pipeline

While the Downtown study area has no planned new multifamily projects, there is some positive momentum outside of the immediate Downtown area.

### Multifamily Unit Pipeline (2025 YTD)

■ In Approval Phase   ■ In Pre-Approval Phase



### Pipeline Projects Outside of Downtown



#### **SSA Apartments Phase 2 (planned TBD)**

This project aims to construct 24 total duplexes at 528 Orlando St. across two phases, in the nearby Massey Hill neighborhood. Phase 1 has already been completed.



#### **Liberty Springs Apartments (planned TBD)**

This project involves the rehabilitation of 8 vacant multifamily rental units just south of the immediate Downtown area, which could help stretch its footprint.

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## Residential | Market Outlook

By providing a unique value proposition for living Downtown, the Blount and Gillespie site can capture growing demand for multifamily apartments.

170

Annual Renters in the Market for All  
Available Rental Homes

150

Average Annual Absorption Since  
2020 (City of Fayetteville)

While Downtown Fayetteville has experienced slow population growth, this is in part due to the lack of new homes being built Downtown. The combination of healthy vacancy rates Downtown and consistent absorption city-wide demonstrates the potential for the Blount and Gillespie site to spark a new move towards Downtown.

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# 03 Office

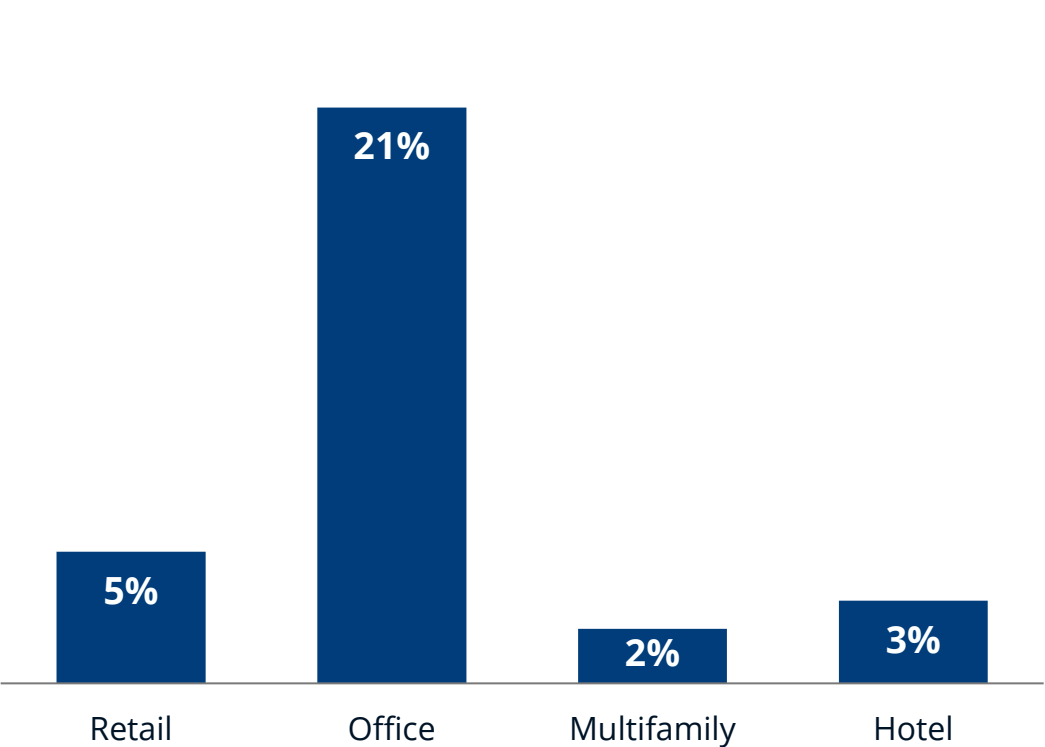
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# Office | Share of City Inventory

Downtown Fayetteville accounts for a significant proportion of total City office space and deliveries over the past five years.

## Downtown Share of City Inventory (2025)



**Deliveries Since 2020**

**0 SF**  
*Project Site Vicinity*

**100k SF**  
*Downtown Fayetteville*

**244k SF**  
*City of Fayetteville*

**Building Inventory 2025**

**420K SF**  
*Project Site Vicinity*

**1.56M SF**  
*Downtown Fayetteville*

**7.54M SF**  
*City of Fayetteville*

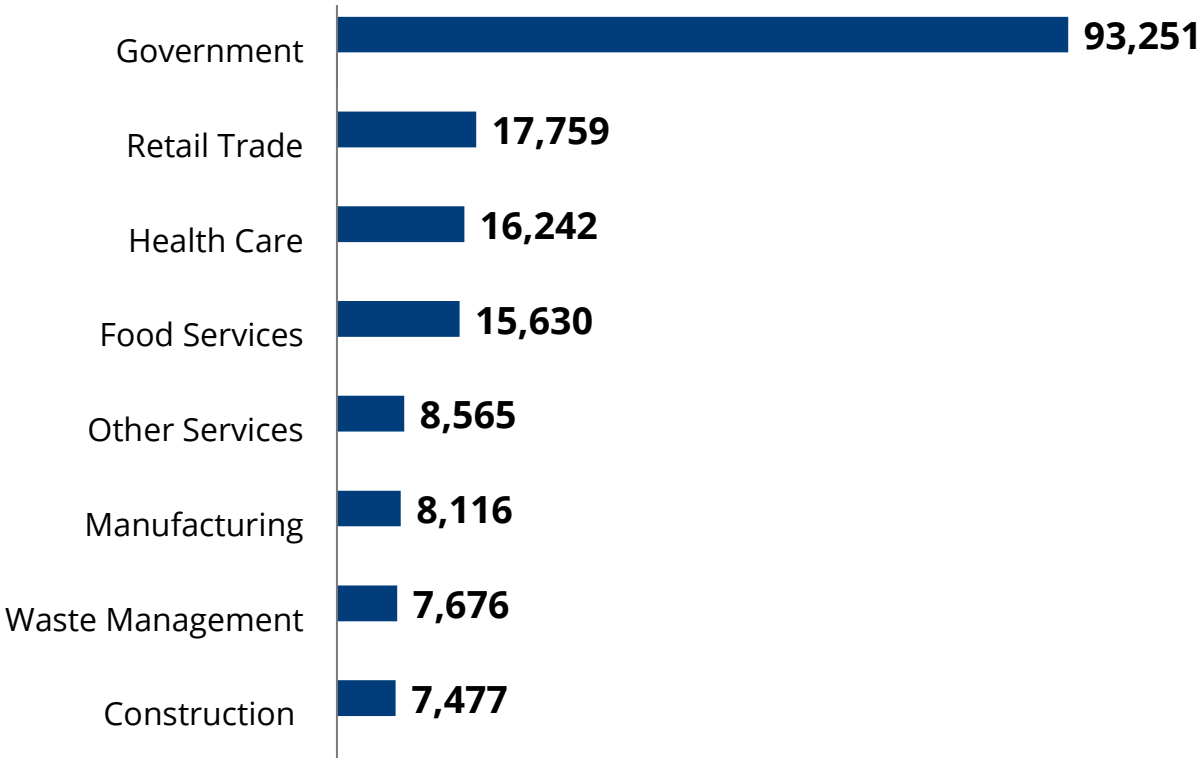
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## Office | Employment Concentration

Fayetteville's jobs are heavily concentrated in government services due to military employment at Fort Bragg.

### Largest Employment Sectors in the Fayetteville MSA (Q2 2025)



Government is by far the largest employment sector in the Fayetteville MSA, accounting for over 92,000 jobs—more than five times the next largest sector, retail trade.

This share is primarily due to the presence of Fort Bragg, which drives significant employment directly through military and civilian defense roles, and indirectly through contractors and support services tied to military operations.

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## Office | Employment Growth

However, Fayetteville has seen employment growth in diverse industries.

While government remains Fayetteville's dominant employer due to Fort Bragg, recent employment trends point to a diversifying economy increasingly driven by white-collar industries, such as professional services, in addition to trades-based industries, including transportation and construction.

### Employment Growth (2015-2025)

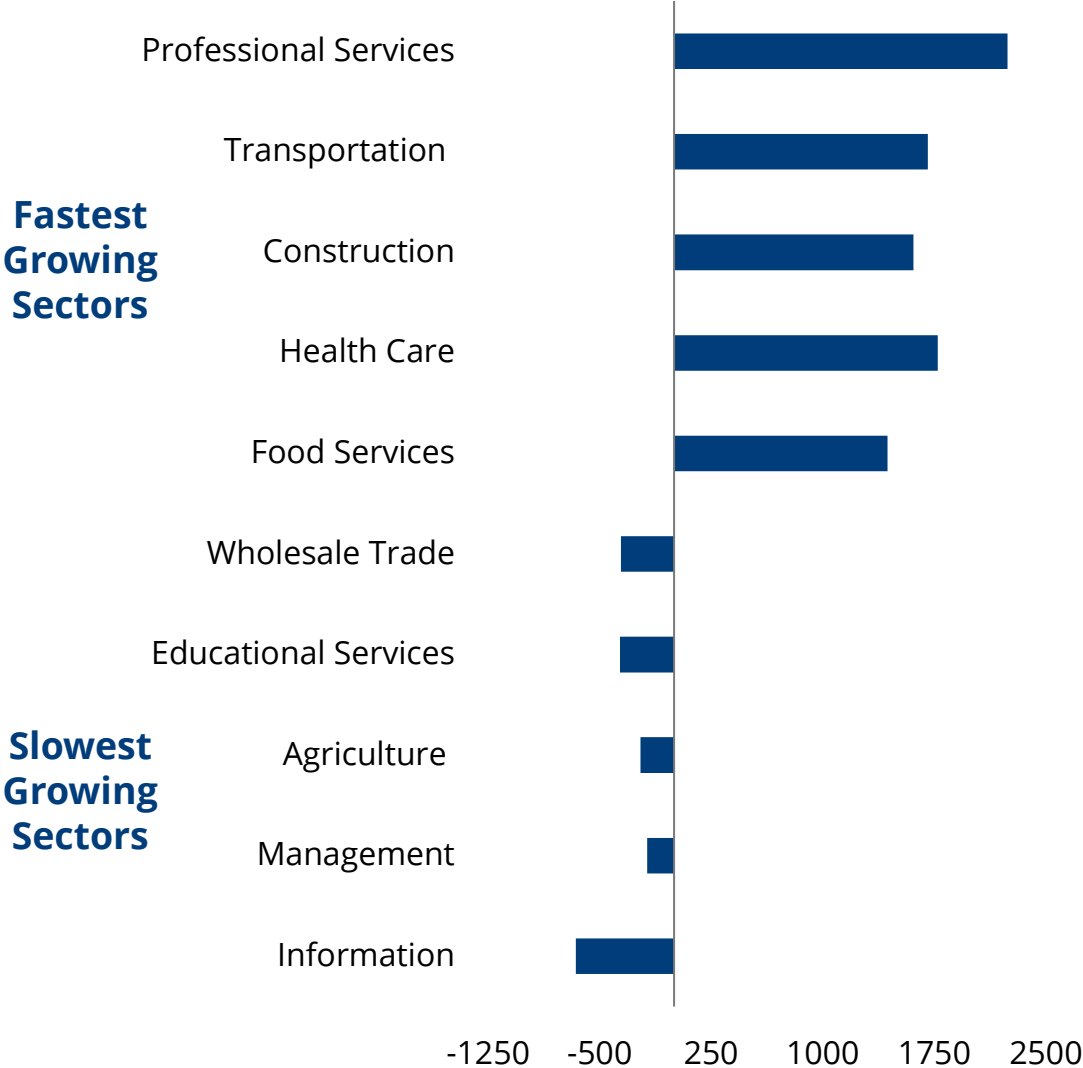
**3%**

*Downtown Fayetteville\**

**7%**

*City of Fayetteville*

## Employment Change In Fayetteville (2015-2025)



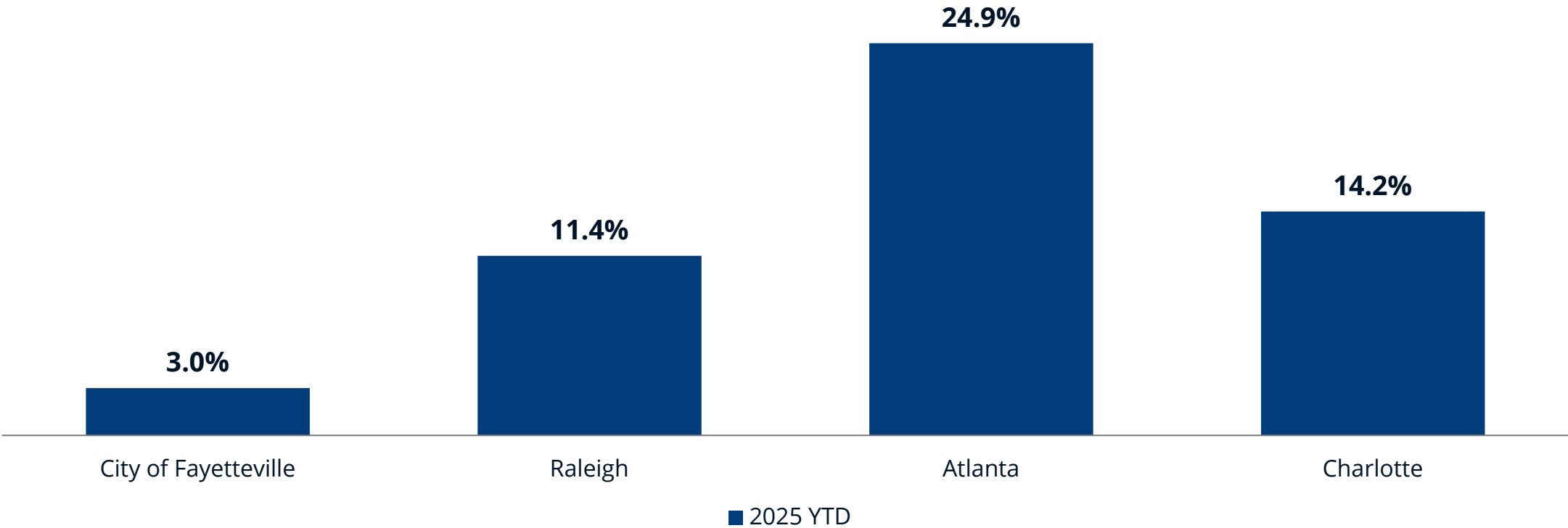
\* Downtown Fayetteville's employment was estimated using Census Tracts that overlap the downtown study area. Source: LightCast



# Office | Performance Relative to Peer Cities

Fayetteville’s office market has been highly competitive, bucking local and national trends in response to the rise in remote work.

## Comparative Vacancy Rates (Q1 2025)

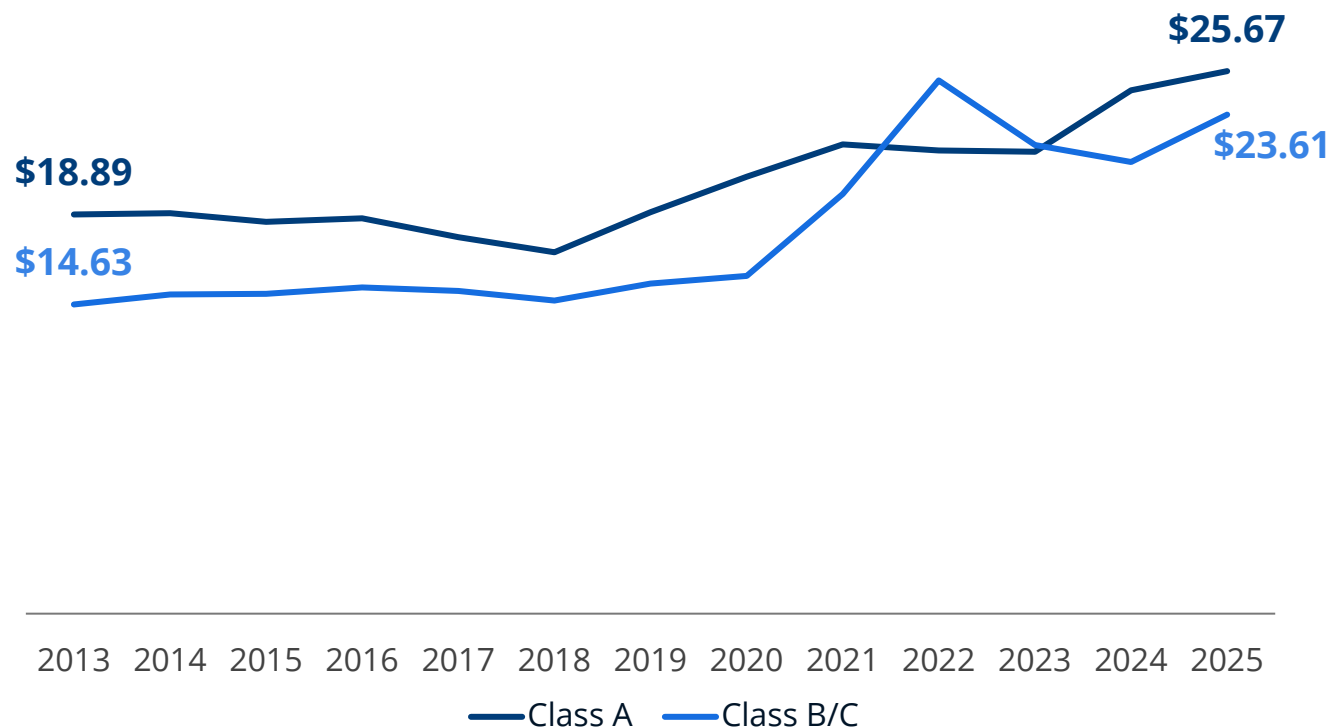


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## Office | Performance by Class

While Class A properties historically commanded higher rents, Class B/C properties have become increasingly competitive across the City.

### Average Rents by Building Class (\$/SF/Year) (2013-2025)



The rental gap between Class A and Class B/C narrowed significantly post-pandemic, with the rent premium dropping to 9% by 2025. This trend suggests that Fayetteville is not experiencing the “flight to quality” that is occurring nationwide and that office tenants are not demanding high-end office space.

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## Office | Demand Analysis

While the existing office market is strong, slow job growth is dampening overall demand for new, speculative office space.

**+119 Jobs**

New Office-Using Jobs in Cumberland  
County  
2025-2030

×

**290 SF**

Average Square Footage per  
Office-Using Employee

=

**34,300 SF**

Gross New Supportable Square  
Footage in Cumberland County

**34,300 SF**

Gross New Supportable Square  
Footage in Cumberland County

-

**27,500 SF**

2025 Existing Pipeline  
27.5K proposed to be completed  
(50% of total proposed space)

=

**6,800 SF**

County Demand for Office Space  
by 2030

**6,800 SF**

County Demand for Office Space  
by 2030

×

**22%**

Regional Share of Office Space

=

**1,500 SF**

Capturable Demand for  
Downtown Fayetteville Office  
Space by 2030

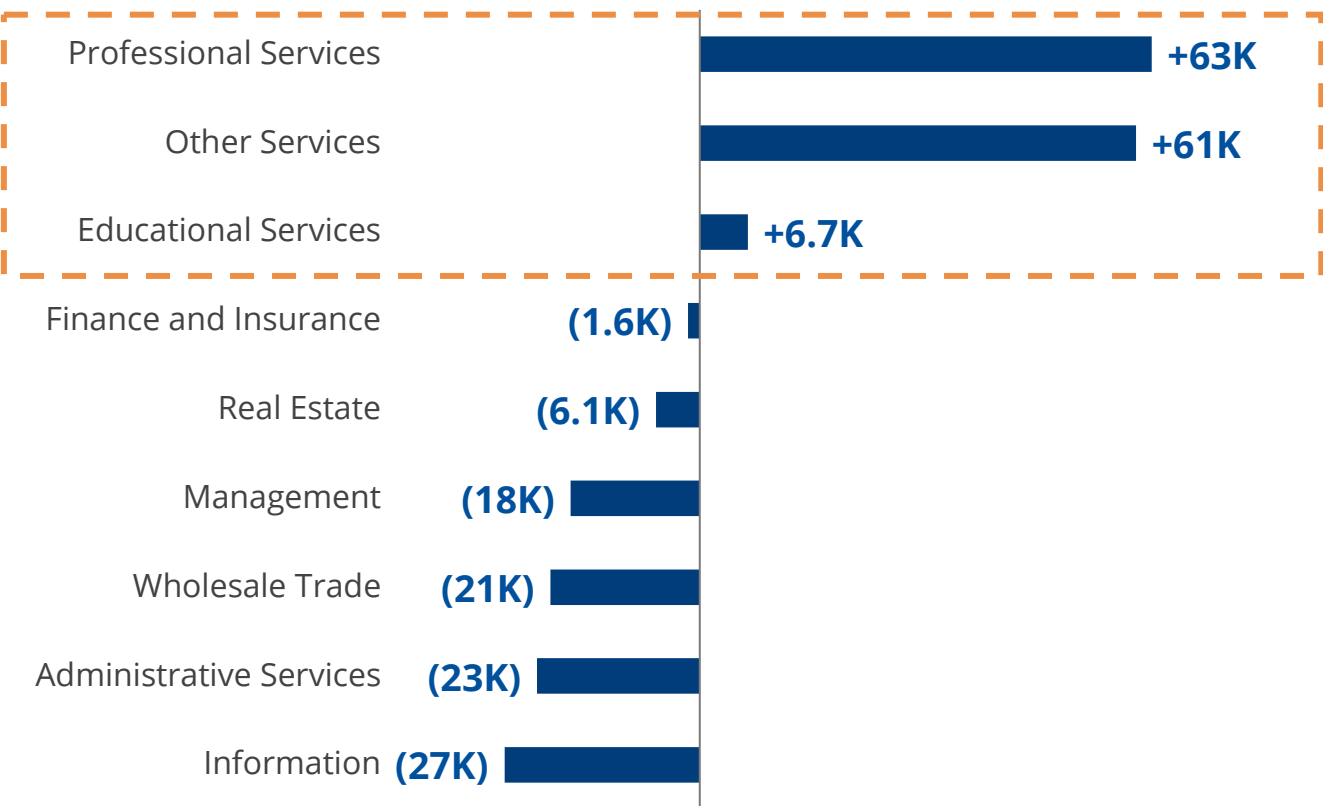
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# Office | Market Outlook

While overall demand for new office space is low in the near-term, space targeted towards professional services industries could be included in a mixed-use development program.

## Office Demand by Industry (2025 to 2030)



### Positive Office Demand

Speculative office space remains a tenuous proposition in the near-term without a clear, targeted tenanting strategy. However, if Fayetteville were to attract a large employer, build-to-suit space could quickly become a viable option.

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A photograph of a grassy field with trees in the background and a road with a car on the right side. A dark blue semi-transparent banner is overlaid across the middle of the image.

04

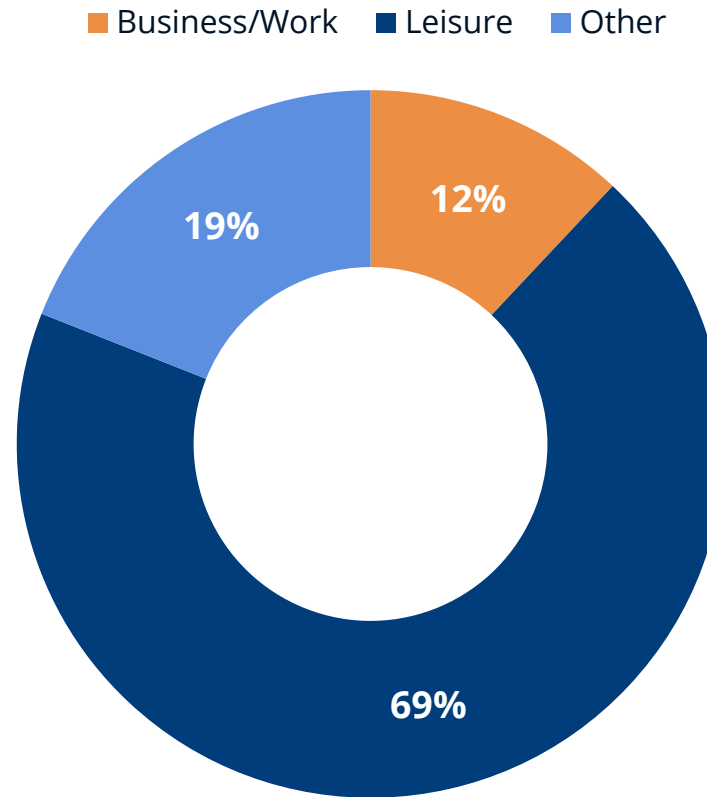
Hotel

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## Hotel | Visitation

Visitation to Fayetteville is driven by primarily leisure activities, such as visits to friends/family, vacations, or travelers passing through.

### Primary Purpose of Visits to Fayetteville (2019)



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## Hotel | Attractions

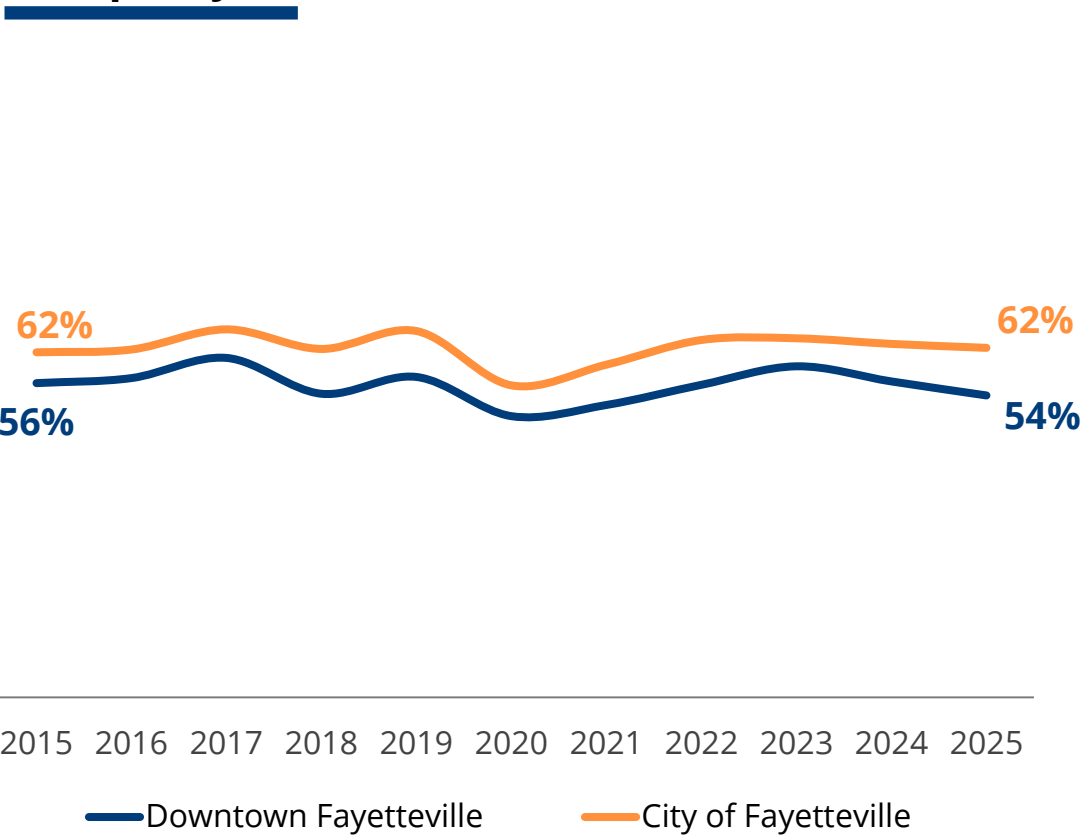
Key attractions in Fayetteville are primarily located Downtown or in Fort Bragg.



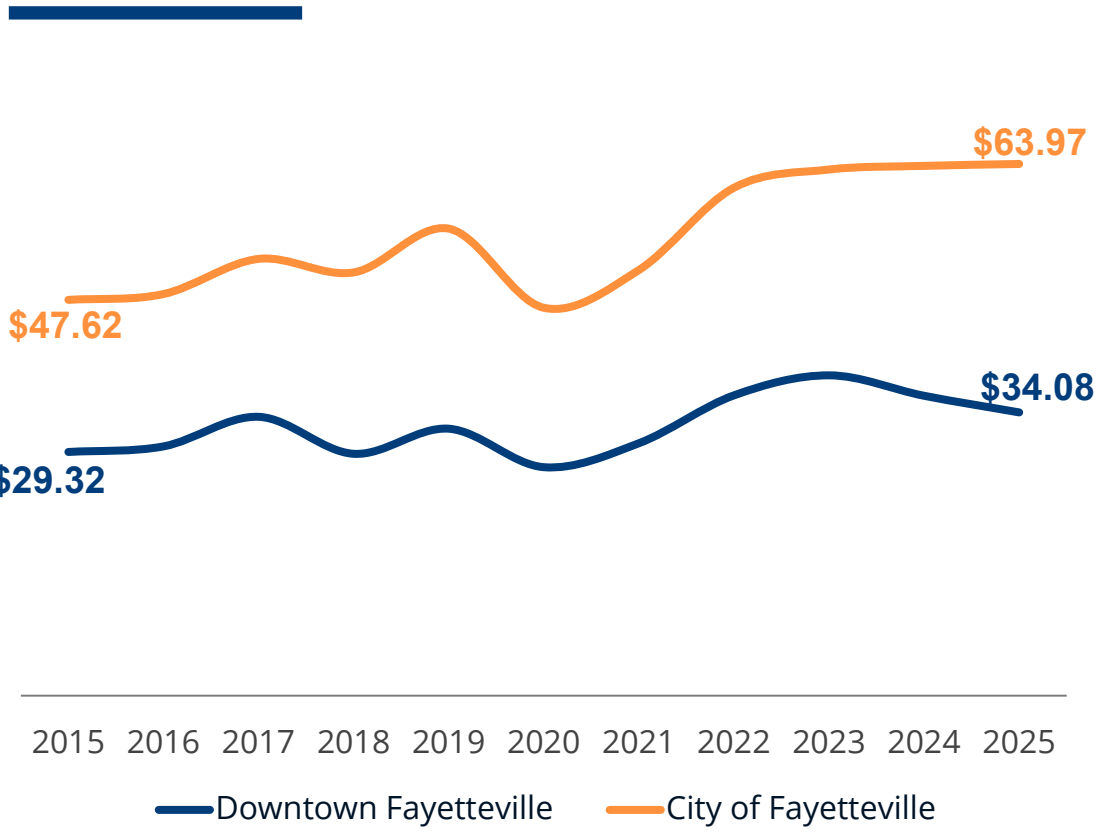
# Hotel | Market Performance

Fayetteville’s hotel market has remained steady overtime, only dipping slightly during the pandemic before quickly rebounding and surpassing pre-pandemic levels.

**Occupancy (2015-2025)**



**Revenue Per Available Room (RevPAR) (2015-2025)**

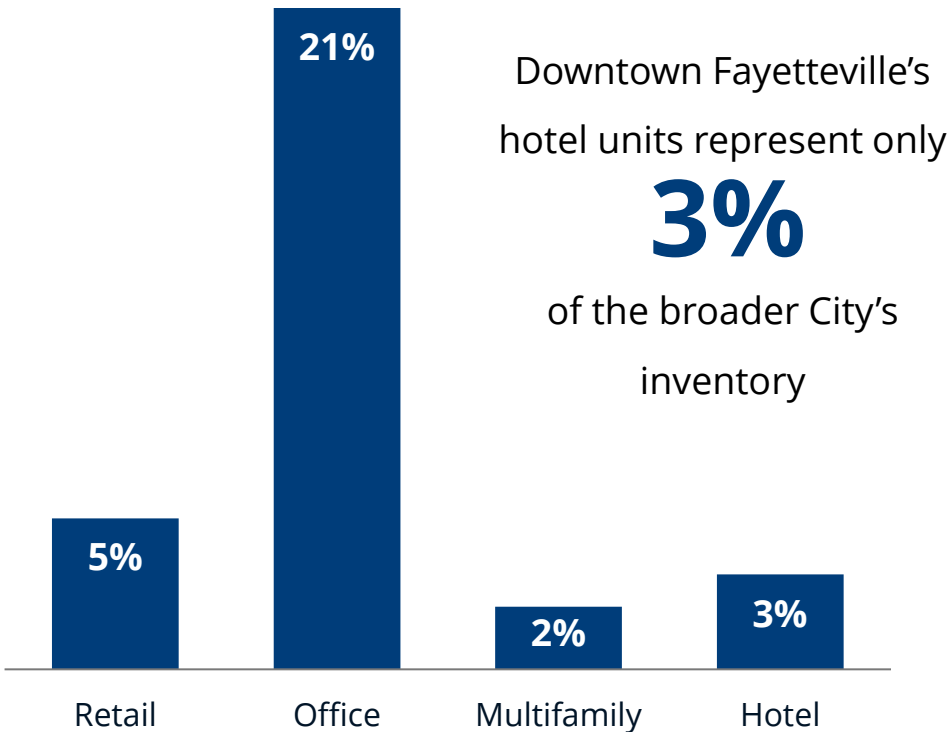


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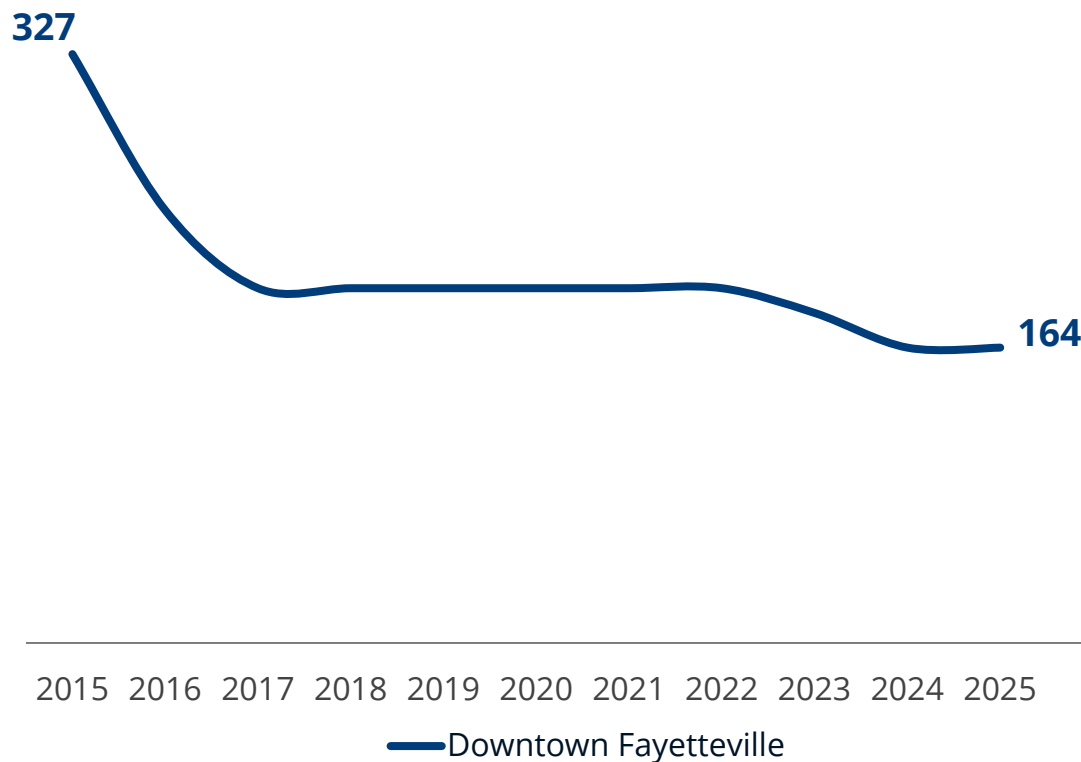
## Hotel | Existing Inventory

However, Downtown's hotel market has not been able to capture the same success as the broader City, instead seeing a limited and declining inventory of hotel units.

### Downtown Share of City Inventory (2025)



### Inventory of Rooms (2015-2025)



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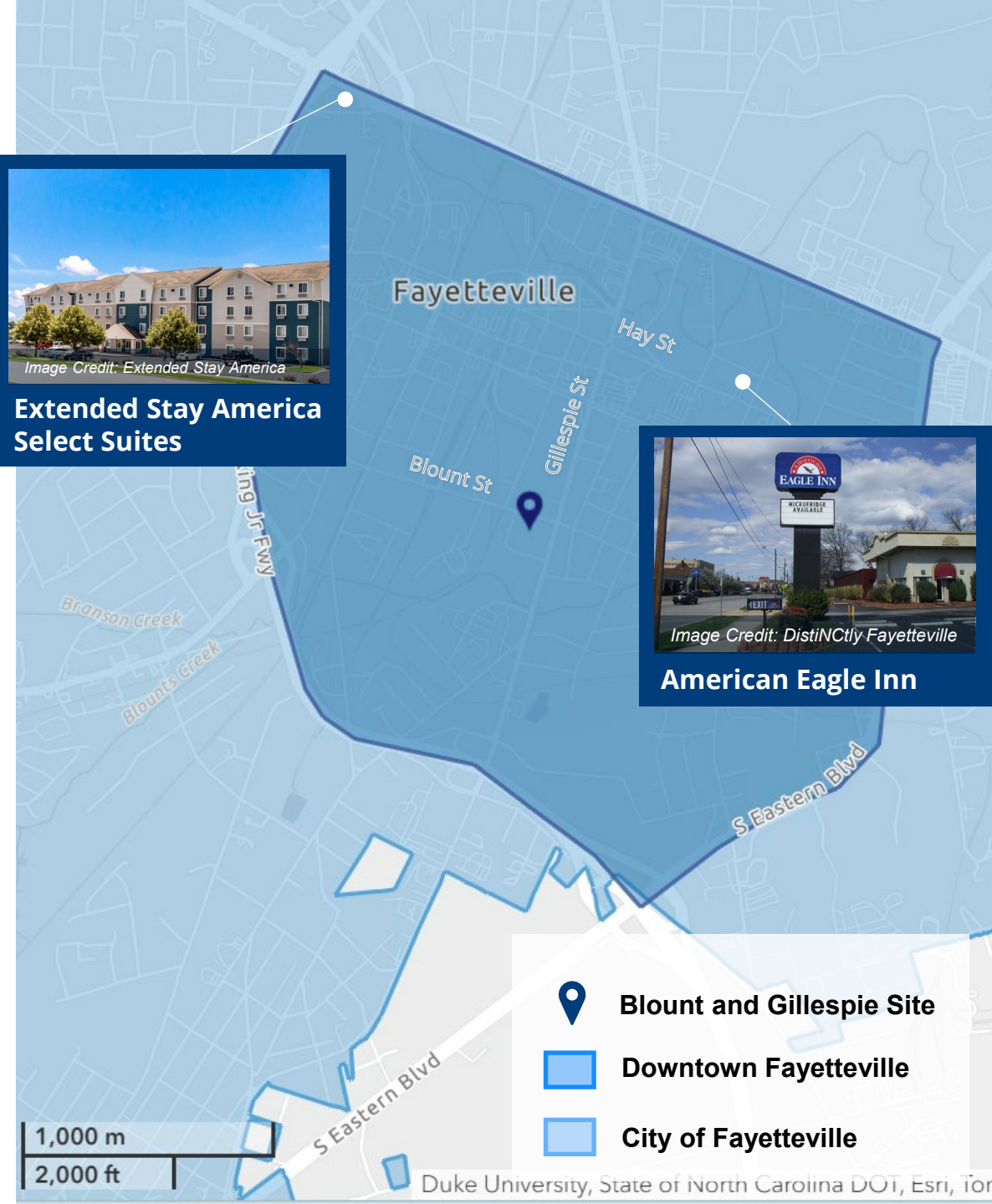


## Hotel | Downtown Context

There are only two operating hotels located in Downtown, demonstrating a need for new supply to support potential visitors.

Downtown Fayetteville has seen **no new hotel deliveries** in over a decade, while simultaneously seeing the **closure or conversion of older hotel stock**.

As a result, there are **only two hotels still located in Downtown** with a total of 164 rooms available. Stakeholders have repeatedly expressed concern that this **inventory is insufficient to host mid and large-scale events and conventions**.



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## Hotel | Market Outlook

Downtown Fayetteville needs a new driver to support future hotel growth. Expanding its arts and culture offerings can help catalyze an untapped market.

While Downtown Fayetteville has not seen significant hotel growth in the past decade, past investments in entertainment uses have demonstrated its ability to increase visitation.

The Segra Stadium is a \$40M minor league baseball stadium located Downtown. Since its opening in 2019, Downtown saw an influx of over 500,000 visitors to the stadium who previously did not have a reason to come Downtown.

In order to build on this momentum, Downtown Fayetteville needs to continue to pursue ambitious strategies to catalyze future development, such as by pursuing new investments that celebrate the arts and culture of Fayetteville.

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*Image Credit: The Fayetteville Observer*



The background image shows a grassy field with several large trees. On the left, there is a speed limit sign that reads "NEIGHBORHOOD SPEED LIMIT 25 MPH". The sky is clear and blue. A dark blue horizontal bar is overlaid on the right side of the image, containing the number "05" in white. The word "Retail" is written in white below the bar. The word "DRAFT" is written in red at the bottom center. The page number "38" is at the bottom right, and the text "Fayetteville P3 Real Estate Advisory Market Scan | HR&A Advisors and MKSK Studios" is on the right edge.

05

Retail

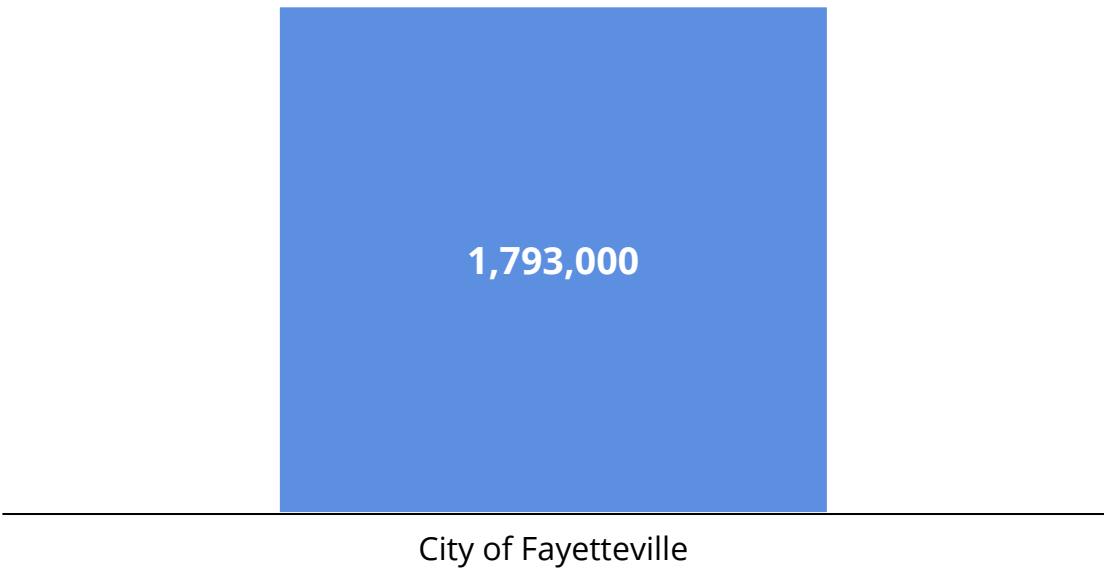
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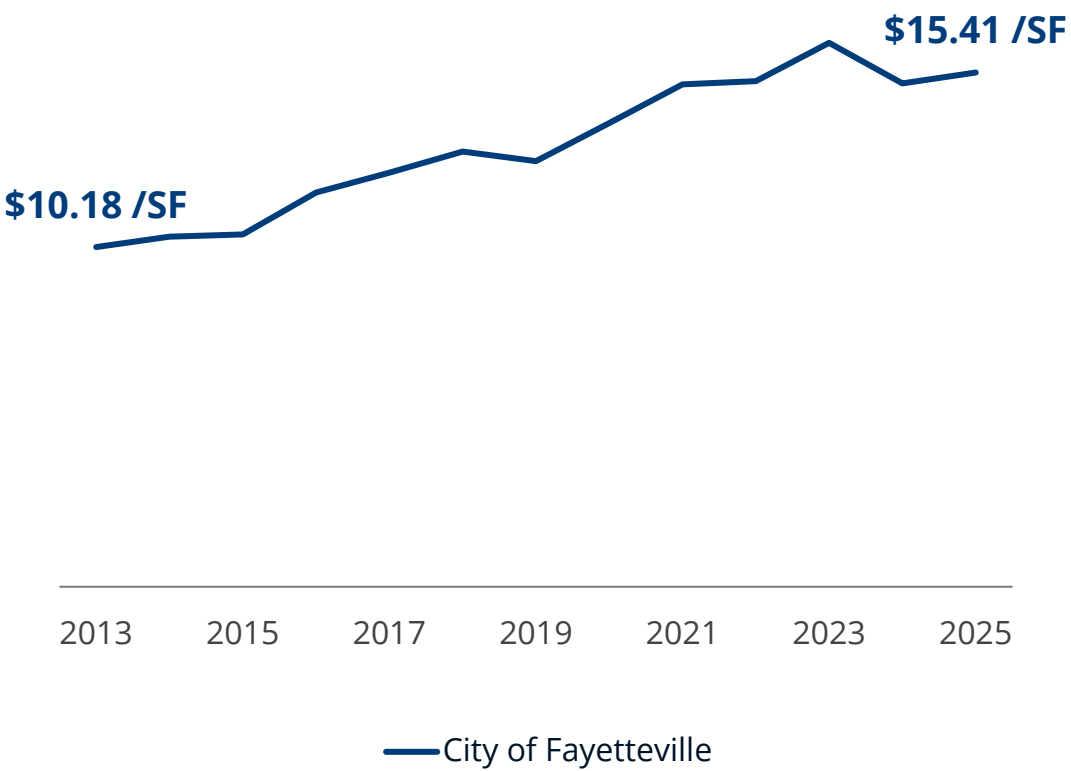
# Retail | Inventory Comparison

While the City overall has continued to grow its retail base, no new retail space has been built Downtown in over a decade.

Inventory Growth Since 2015 (Square Feet)



Average Rents (2013-2025)

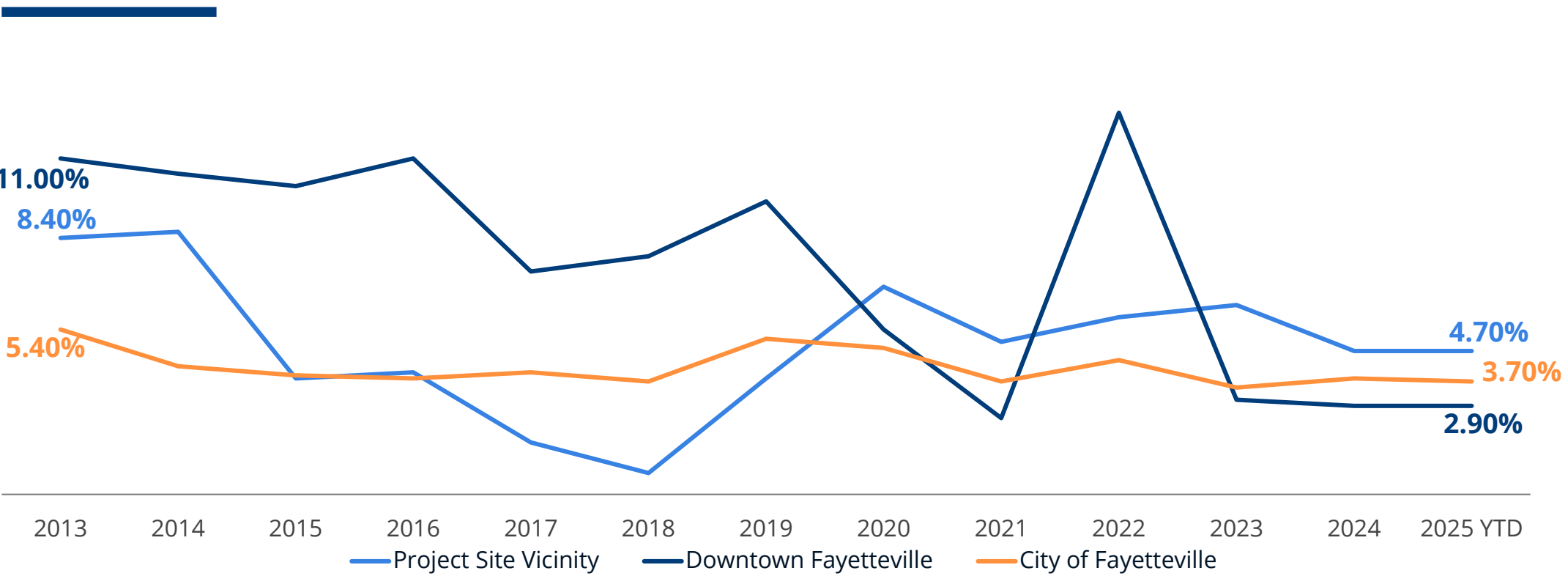


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# Retail | Vacancy

Despite limited inventory growth and declining rents, Downtown’s retail market has been stable with highly competitive vacancy rates.

## Vacancy Rate (2013-2025 YTD)



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## Retail | Retail Offerings

Downtown houses significantly more extensive retail offerings compared to the site vicinity.



### Downtown Retail Offerings

Retail activity in the core of Downtown Fayetteville is characterized by a cohesive, pedestrian-oriented environment with a high concentration of active storefronts. Hay Street and the surrounding area benefits from consistent branding, historic character, and a walkable streetscape.



### Project Site Vicinity Retail Offerings

In contrast, retail near the Blount and Gillespie site is lower density and fragmented, with aging and/or vacant structures that reflect limited market activity. The site's limited proximity to residential uses further constrains retail demand.

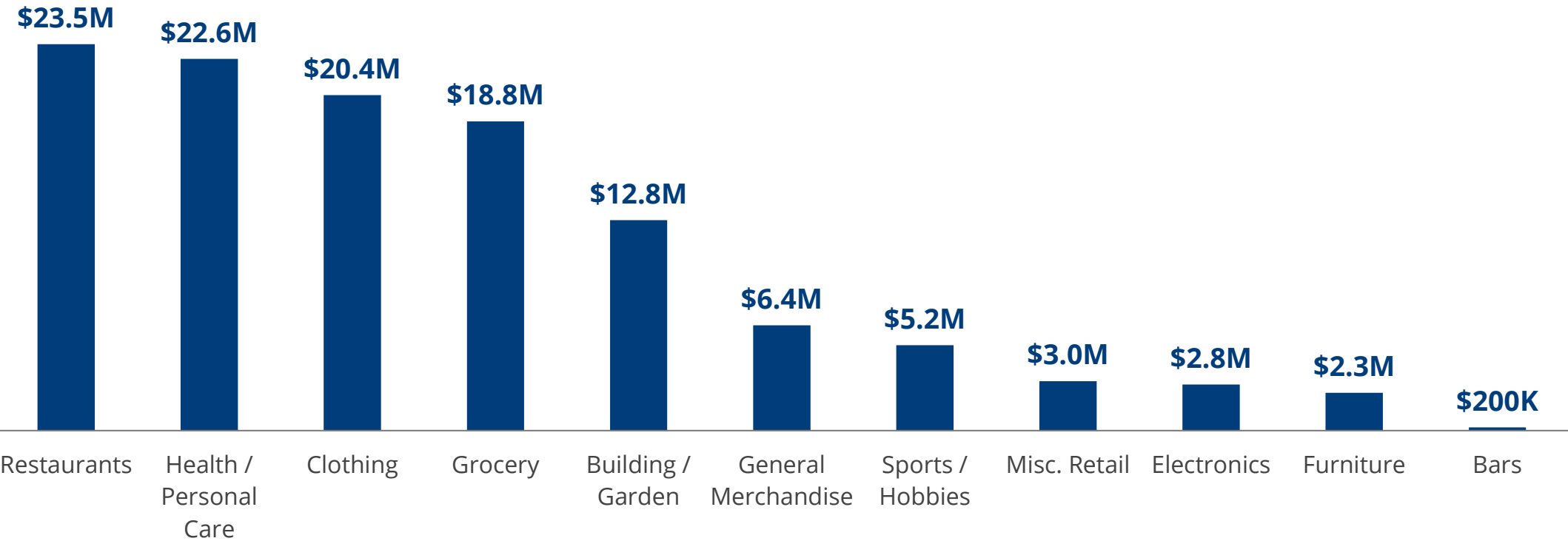
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## Retail | Sales

Downtown Fayetteville has a relatively diverse mix of retail options, led by the strength of restaurants, personal care, and clothing stores.

### Downtown Fayetteville Retail Sales by Store Type (2025)

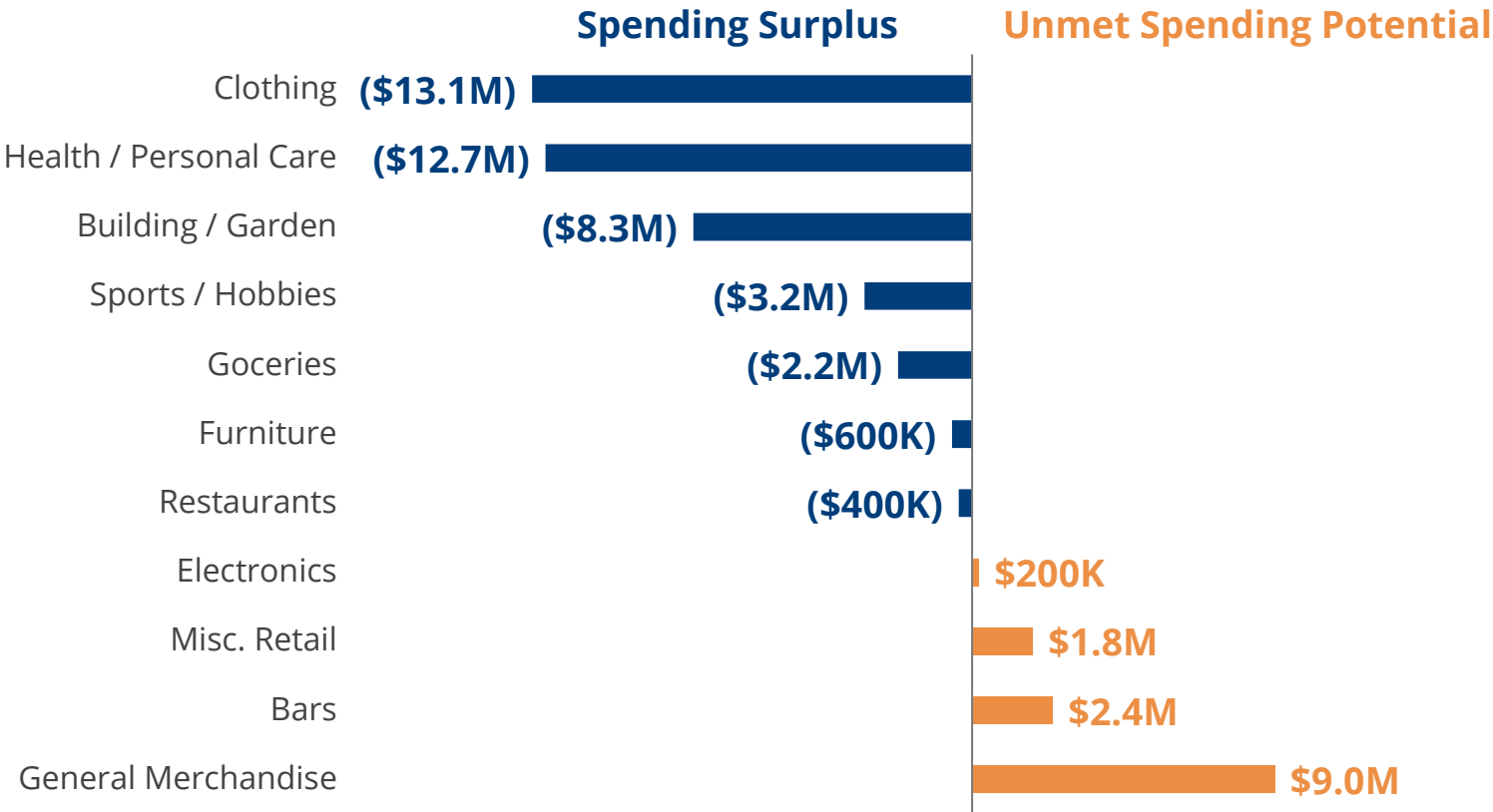


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# Retail | Market Outlook

Downtown Fayetteville is saturated with restaurants and clothing stores, but could support unique retail options, such as breweries, florists, and art dealers.

## Retail Spending Surplus or Unmet Potential by Store Type (2025)



In addition to unique types of retailers, community members have expressed a desire for more experiential gathering places, such as jazz clubs, entertainment and arcade centers similar to the former Docks at the Capitol, and art galleries.

Additionally, Downtown could benefit from higher quality retail options, particularly higher end grocers and convenient stores and restaurants/bars that front onto a public plaza.

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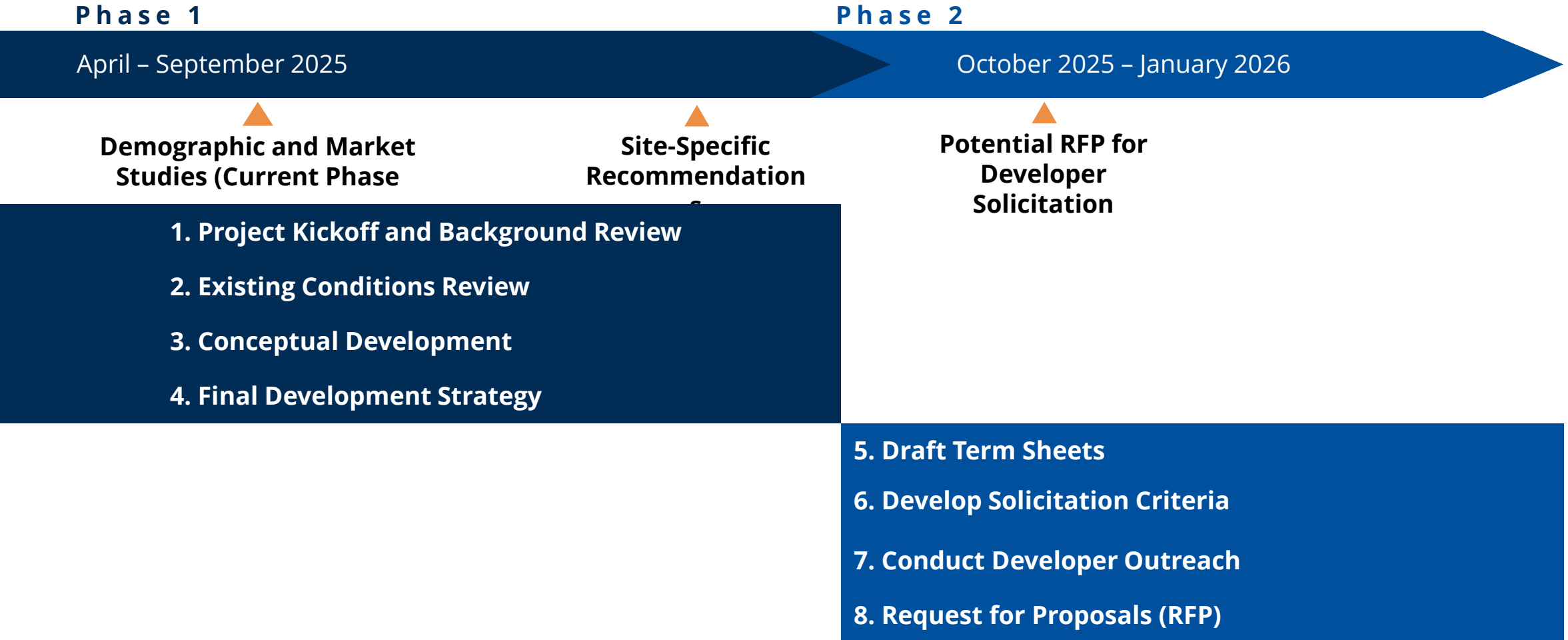
# Next Steps

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## Next Steps

HR&A and MKSK will take the findings of the market and existing conditions analysis to begin identifying a potential development program for further study.



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HR&A MKSK

# Fayetteville P3 Real Estate Advisory

## **Market Scan**

August 2025